Policy Framework for PPPs in Nigeria Housing Development

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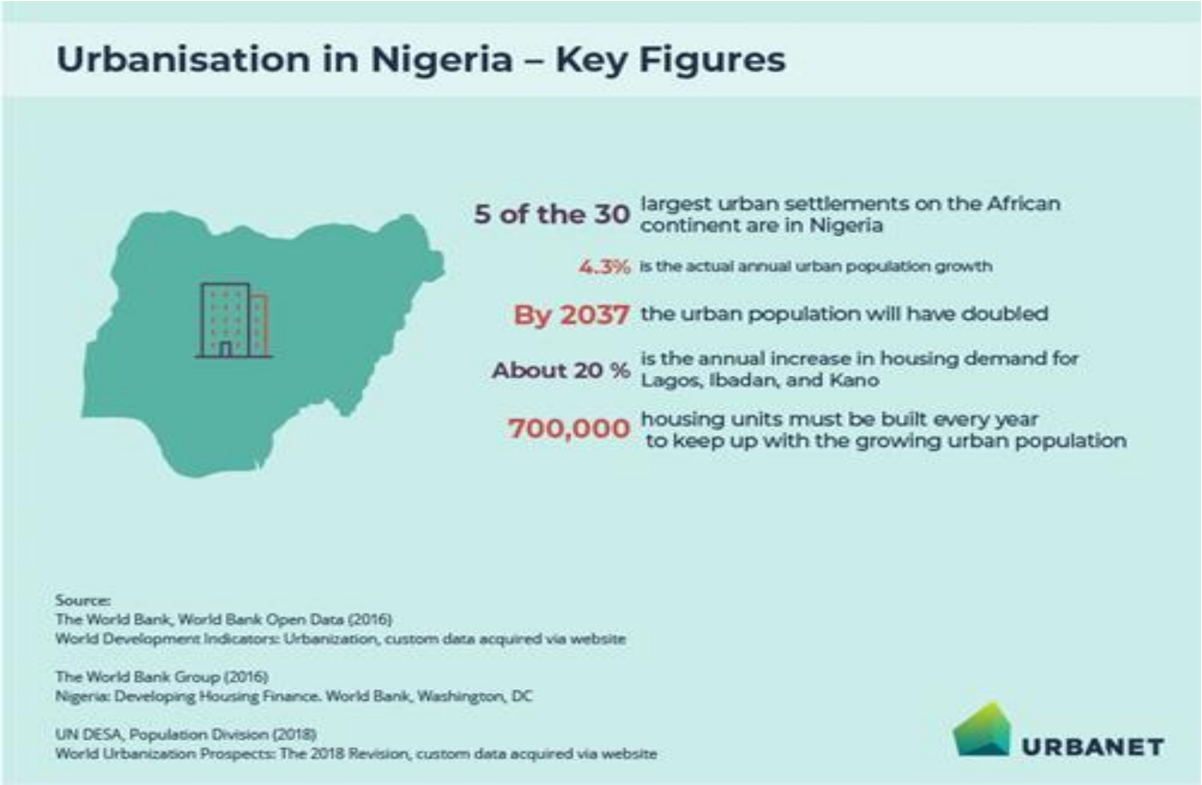
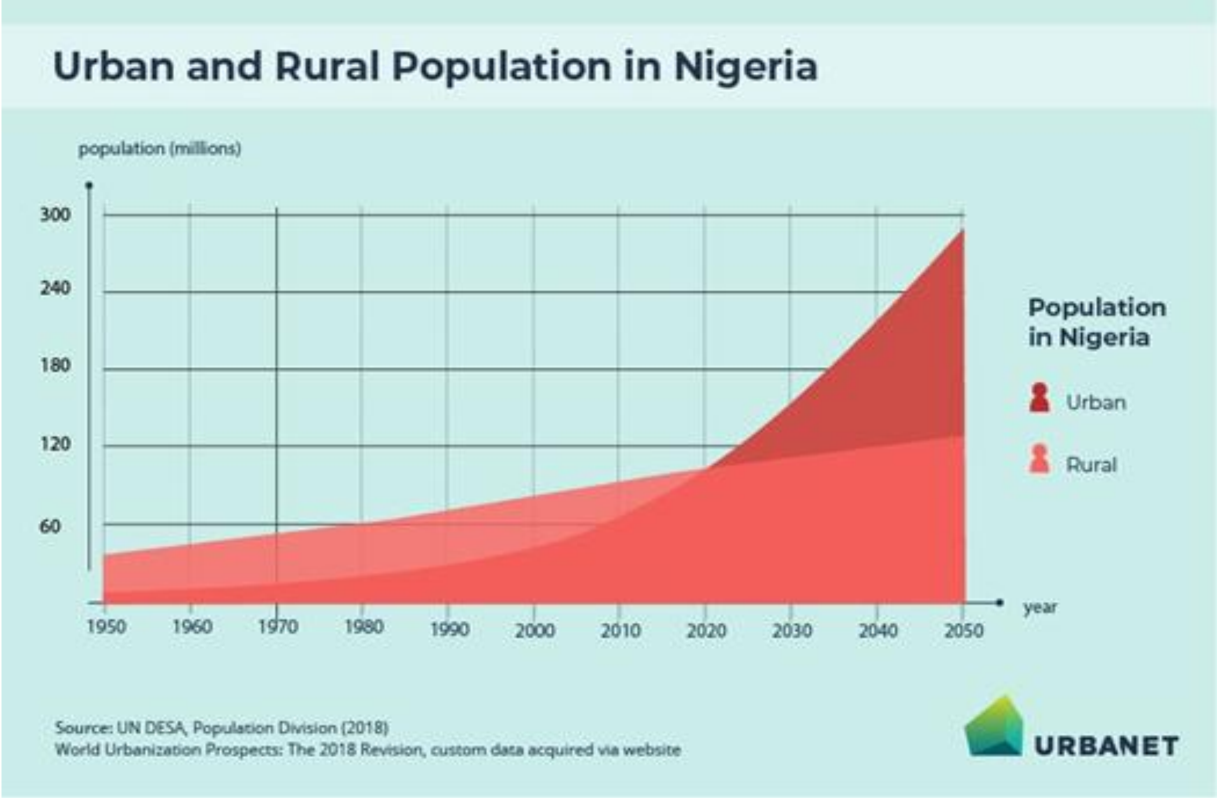
Introduction

- Housing is more than just shelter—it is a critical driver of socio-economic development.
- Access to affordable and quality housing contributes to improved health, economic productivity, social stability, and overall national development.
- With an urban population growing at an unprecedented rate, the demand for affordable and quality housing has never been more pressing.
- In 2023, urban dwellers constituted about 54.28% of Nigeria's total population. This percentage is projected to rise to 60% by 2030 (Minister of Housing and Urban Development, 2024).
- In 1960, Abuja's population was 18,977. By 2024, it has grown to 4.02 million (World Population Review, 2025).
- This rapid urbanization presents both opportunities and challenges, including the need for adequate housing.

Introduction …



with an annual urban population growth of 4.3% and the country hosting five of the 30 largest urban settlements on the African continent.



The urban population has been experiencing a rapid rise since 2010 and is expected to grow from 60 million to almost 300 million inhabitants in Nigerian cities.

Introduction …

- Despite various government interventions, it is evident that the public sector alone cannot meet the growing housing demand.
- As we explore the policy framework for PPPs in Nigeria’s housing sector, this presentation will address the following critical questions.
  - ✓ What is housing?
  - ✓ Do we have a Housing Gap or a Myth?
  - ✓ What are the key implementation gaps limiting the effectiveness of Nigeria’s housing sector?
  - ✓ How can the Renewed Hope Housing Policy create a more enabling environment for private sector participation?

What is Housing?

- Housing is more than just a roof; it's the opportunity for better lives and a better future. **UN Habitat**

- Housing refers to the provision of shelter, infrastructure, and services that meet the needs of individuals, families, and communities. It encompasses not only the physical structure but also the social and economic aspects of living.

- Housing is part of the basic needs of man, secondary only to food

- Housing provides the most basic human needs such as health, welfare, social attitudes and economic productivity (UN-HABITAT, 2006).

- Housing is a fundamental human need and a critical component of a country's economy. In Nigeria, housing plays a vital role in the country's economic development, and its importance cannot be overstated.

Does every Nigerian deserve Housing?

- Everyone has a fundamental human right to housing, which ensures access to a <u>**safe**</u>, <u>**secure**</u>, <u>**habitable**</u>, and <u>**affordable home**</u>.

UN-Habitat

Do We have a Housing Gap or a Myth?: What are the numbers like?

- Revised NIIMP 2020-2043: Estimated that Nigeria's housing deficit in 2020 exceeded 23 million units and will be over 40 million units in 2043.
- An estimated 100 million people worldwide are homeless and one in four people live in harmful conditions that to their health, safety and prosperity (UN-Habitat)
- In 2023, the Nigerian government put the housing deficit statistics at 28 million units with an estimated funding need of N21 trillion (The State House, 2023).
- Renewed Hope Housing Policy aims to address the housing gap estimated to have escalated from 14 million units in 2010 to 28 million in 2023.

Do We have a Housing Gap or a Myth?: What are the numbers like?

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- By 2030, UN-Habitat estimates that 3 billion people, about 40 per cent of the world's population, will need access to adequate housing.

- This translates into a demand for 96,000 new affordable and accessible housing units every day.

- Additionally, an estimated 100 million people worldwide are homeless and one in four people live in harmful conditions that to their health, safety and prosperity.
- **Source: UN-Habitat**

Benefits of Housing

- Access to decent, affordable housing brings numerous benefits to individuals, communities, and the broader economy. The benefits include:

1. Economic Benefits

- ✓ Job Creation & Economic Growth
- ✓ Wealth Creation & Asset Accumulation
- ✓ Revenue Generation for Government
- ✓ Growth of Mortgage & Financial Sector

2. Social Benefits

- ✓ Improved Quality of Life & Well-being
- ✓ Social Stability & Community Development
- ✓ Education & Productivity

Benefits of Housing …

3. Environmental Benefits

- ✓ Sustainable Urban Development
- ✓ Efficient Land Use & Infrastructure Development
- ✓ Climate Resilience & Disaster Preparedness

4. Political & Governance Benefits

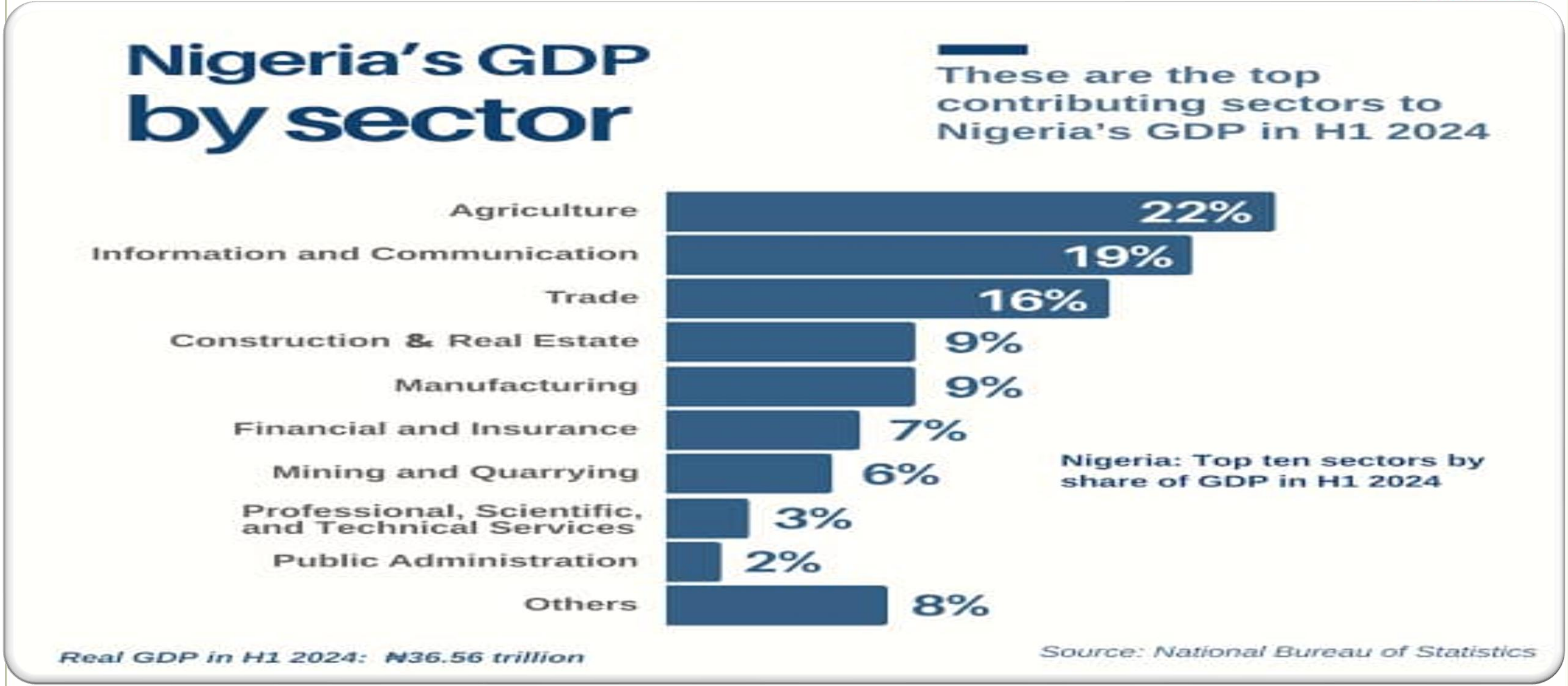
- ✓ Poverty Alleviation & Social Equity
- ✓ Public-Private Partnerships (PPPs) for Infrastructure Development
- ✓ Enhanced National Security & Urban Planning

❑ Investing in housing enhances wealth creation, improves public health, supports education, and promotes sustainable urban development, positively affecting the economy.

Housing Versus GDP

- The housing sector has consistently played a pivotal role in the economic fortune of nations.
- Housing is a key driver of GDP, influencing employment, investment, and infrastructure.
- In advanced countries such as the United States of America, the industry contributes about 16 percent to the GDP (US Bureau of Economic Analysis, 2024). However, this figure is less than 6 percent in Nigeria (National Bureau of Statistics, 2024).
- Despite Nigeria's rapid urbanization and growing population, the housing sector's contribution to GDP remains relatively low compared to its potential.

Housing Versus GDP…



Previous efforts

The Nigerian government has made several efforts over the years to address the housing deficit, but challenges persist. Some of the major initiatives include:

- The Federal Housing Authority (FHA) was established in 1973 to develop and manage affordable housing schemes.
- National Housing Policy (NHP) (1991) set a target of delivering 8 million housing units by 2000.
- Establishment of the National Housing Fund (NHF) (1992)
- Mass Housing Schemes (1999 – 2007)
- National Housing Policy Review (2012)
- Presidential Initiative on Affordable Housing (2017) in partnership with the Federal Mortgage Bank of Nigeria (FMBN).
- Family Homes Fund (FHF) (2018) aimed to construct 500,000 housing units
- National Social Housing Programme (NSHP) (2020) aimed to deliver 300,000 housing units nationwide.

Opportunities and Prospects of the Nigerian Housing Sector

- Nigeria's housing sector presents huge investment opportunities and growth prospects due to factors like rapid urbanization, a growing middle class, and a massive housing deficit.
- Investors, developers, and policymakers can explore various areas to unlock value and drive sustainable housing development. Key Opportunities in the Nigerian Housing Sector include:
- **Affordable and Mass Housing Development:**
  - ✓ Over 80% of average Nigerians need affordable housing, especially in urban areas like Lagos, Abuja, and Kano.
  - ✓ Government initiatives, like Public-Private Partnerships (PPP) and social housing schemes, create opportunities for private investors.
- **Mortgage and Housing Finance Expansion**
  - ✓ Nigeria's mortgage penetration rate is less than 1%, compared to over 30% in developed economies.
  - ✓ There is an underserved mortgage market due to high interest rates and lack of long-term financing options.

Opportunities and Prospects of the Nigerian Housing Sector …

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- **Real Estate Investment Trusts (REITs) & Capital Market Funding**
  - ✓ Nigeria's **REITs market** is still underdeveloped, presenting a huge opportunity for institutional investors.
- **Urban Renewal & Slum Redevelopment**
  - ✓ Over 60% of urban dwellers live in informal settlements with poor infrastructure.
  - ✓ The government is seeking private sector partnerships to upgrade slums into planned communities.
- **Student & Short-Term Rental Housing**
  - ✓ The demand for **student housing** is high due to **insufficient hostel accommodations** in major university cities.
  - ✓ The **short-term rental market (serviced apartments)** is growing, driven by business travelers, remote workers, and tourists.

Opportunities and Prospects of the Nigerian Housing Sector …

- **Green & Smart Housing Innovations**
  - ✓ There is **growing demand for eco-friendly, energy-efficient, and climate-resilient housing.**
- **Luxury & High-End Real Estate Development**
  - ✓ There is a strong demand for **luxury apartments, and smart homes** in premium locations.
  - ✓ Wealthy Nigerians, expatriates, and corporate executives prefer high-end real estate in **Lagos (Ikoyi, Victoria Island), Abuja (Maitama, Asokoro), and Port Harcourt (GRA Phase 2 & 3).**

Challenges Facing Nigeria's Housing and Urban Development Sector...

❑ High Population Growth and Rural-Urban Migration

- ✓ Nigeria's rapid urbanization puts pressure on existing housing and infrastructure.
- ✓ Cities like **Lagos, Abuja, and Port Harcourt** face housing congestion, leading to the rise of informal settlements.

❑ High Cost of Building Materials

- ✓ The prices of cement, iron rods, and other construction materials are constantly rising due to inflation, high import duties, and an underdeveloped local manufacturing sector.
- ✓ This makes homeownership unaffordable for low- and middle-income earners.

❑ Insecurity and Forced Evictions

- ✓ Conflicts, insurgencies, and insecurity (e.g., Boko Haram attacks) have displaced millions, worsening the housing crisis.

❑ Mortgage inefficiency/Limited Access to Affordable Housing Finance

- ✓ Mortgage financing remains underdeveloped, with high-interest rates.
- ✓ Many Nigerians lack access to long-term, low-interest housing loans.

Renewed Hope Housing Policy

- The "Renewed Hope Housing Policy" is an initiative by the Nigerian government aimed at addressing the country's significant housing deficit, which has escalated from 14 million units in 2010 to 28 million in 2023.
- The Renewed Hope Housing Policy is a strategic intervention to improve housing accessibility, promote sustainable urban development, and stimulate economic growth.
- By leveraging government support, private sector participation, and innovative financing, the policy aims to provide affordable, high-quality housing for millions of Nigerians, ensuring inclusive and long-term national development.
- Under this policy, the government plans to construct 50,000 housing units in the first phase, utilizing various funding sources, including budgetary allocations, the Federal Mortgage Bank of Nigeria (FMBN), and Public-Private Partnerships
- The government recognizes that budgetary allocations alone are insufficient. Consequently, PPPs have been embraced to attract domestic, foreign, and diaspora investments into the housing sector.

PPP and Renewed Hope Housing Policy

- PPPs are essential to its successful implementation. Here's why PPP is a strategic necessity:
  - ✓ Bridging the Funding Gap
  - ✓ Reducing Government Financial Burden and Risks
  - ✓ Attracting Foreign Direct Investment (FDI)
  - ✓ Enhancing Efficiency and Speed of Delivery
  - ✓ Encouraging Innovation in Housing Construction
  - ✓ Expanding Affordable Mortgage and Housing Finance
  - ✓ Providing Integrated Infrastructure and Services
  - ✓ Creating a Sustainable and Scalable Housing Model
- PPP is not just an option; it is a necessity for the success of the Renewed Hope Housing Policy.

Conclusion

- Nigeria stands at a critical juncture in its quest to bridge the housing deficit and provide affordable, decent homes for its citizens.
- The Renewed Hope Housing and Urban Development Agenda present a transformative vision for sustainable urban growth, emphasizing inclusivity, innovation, and large-scale housing delivery.
- However, achieving this ambitious goal requires a robust and well-structured PPP framework that leverages the strengths of both the public and private sectors.
- PPPs offer a viable solution by mobilizing private sector investment, expertise, and efficiency while ensuring that government policies provide the necessary regulatory support and social safeguards.

Conclusion …

- Strengthening institutional frameworks, streamlining approval processes, and fostering transparency will create an enabling environment for increased private sector participation.

- Ultimately, unlocking the full potential of PPPs in housing development is not just about building homes - it is about creating thriving communities, driving economic growth, and restoring hope for millions of Nigerians.

- By adopting a well-coordinated, policy-driven approach, Nigeria can turn the Renewed Hope vision into a reality, ensuring that every citizen has access to a home they can afford and be proud of.

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